

PART II -- MAIN EDITION -- 31 DECEMBER 1984

READER'S DIGEST

JANUARY 1985 (31 Dec 84) Pgs. 36 - 42

A Reader's Digest Special Report

Iran's Ayatollahs of Terror

By NATHAN M. ADAMS



Under banners of hatred and fanaticism, Khomeini's Islamic clergy command a veritable foreign legion of terrorists. Their battle cry: "Death to the West!"

AT 6:20 a.m., October 23, 1983, a pickup truck loaded with over a ton of powerful cyclonite explosives careened past the gates of the U.S. Marine compound on the edge of Beirut International Airport, crashed into the

headquarters building and detonated with a thunderous roar. Within minutes, a similar kamikaze-driven truck bomb exploded against a French peace-keepers' building some five miles distant. Dead were 241 American servicemen and 58 French paratroopers.

Responsibility for the attacks was claimed by the Islamic *Jihad*—"Holy War"—a loose coalition of Shi'ite fundamentalists linked directly to Iran's Ayatollah Khomeini. "We are the soldiers of God," their communiqué announced, "and we are fond of death!"

Less than a year later—at 11:44 a.m. on September 20, 1984—yet another suicide truck bomb exploded at the new U.S. embassy annex in East Beirut. Fourteen died, including two Americans. Had the truck reached its intended target—a garage below the building—the death toll would have been far higher. Once, again, Islamic *Jihad* claimed responsibility.

The bloody Beirut bombings were only the most graphic atrocities committed by pro-Khomeini terrorists. In addition, they have attacked the French and American embassies in Kuwait, a French passenger train, and a crowded Marseille train station. They have assassinated the president of the American University in Beirut; kidnapped three Americans (a diplomat, a news-bureau chief and a minister), who are rumored to be imprisoned in Teheran; and wounded the U.S. consul general in Strasbourg, France. Meanwhile, authorities narrowly thwarted terrorist plots to blow up a U.S. airliner over the At-

lantic, to destroy NATO facilities in Turkey, and to murder moderate Arab leaders. There were even reports of a plot to bomb the White House itself.

What *are* the dimensions of the threat? Is it that serious? To find out, Reader's Digest spent months interviewing intelligence and anti-terrorist experts here and throughout Europe and the Middle East. Key Iranian exiles were also debriefed. Some members of the Teheran regime itself, appalled by the brutality of Khomeini's rule, risked their lives to speak with us. All agreed that the threat is very grave. To understand it, one must know something of the convulsions of hatred that have shaped Khomeini's Iran.

Allah's Avengers. Throughout Iran, the period of February 1 to 11, 1984, is designated "The Eleven Dawns" to celebrate the fifth anniversary of Ayatollah Khomeini's overthrow of the Shah's regime. Tens of thousands of demonstrators converge on Teheran to attend rallies and denounce the "satans of the world": the United States and its allies.

Day after day they march and assemble, as many as a million at a time. There are the fanatical Revolutionary Guards or *pasdaran*, as well as hordes of jobless peasants bused in from the countryside. In the front rows, the place of honor, are the *Basijis*, among them the youthful suicide volunteers, some not yet ten years old. Their red headbands signify their willingness to become martyrs for

TERROR...Pg. 8-F

TERROR...Continued

the Revolution. Thousands already have. Armed with symbolic plastic keys which they have been told will unlock the gates of Paradise, they have flung themselves in human waves against Iraqi minefields in the brutal war with that country.

Ayatollahs and mullahs—the officer corps of the Shi'ite church—mount platforms to harangue the crowds. Eyes gleam, faces twist with hatred. Thousands of rifles lift as one in defiance. Then the chants begin.

"Death to America!"

"Death to France!"

"Death to Israel!"

"Death to all who oppose the Revolution!"

Mad Mullahs. What brought about such an abrupt change in a society once considered staunchly pro-West? Much of the answer can be found in Shi'ite Islam itself. As practiced by Iran's ruling fundamentalists, its dogma is glorification of martyrdom in pursuit of global Islamic conquest. While only a tiny minority of the world's 650 million Moslems, Shi'ites are significant in Iran (90 percent of the population) and in Iraq (60 percent). Under Khomeini's guidance, the fundamentalists envision a return to medieval Islam and a violent cleansing of "corrupting" Western influences. Only then can a purified Islam launch its crusade of conquest.

Thus, Iran today is in the grip of some 50 Shi'ite ayatollahs supported by 100,000 mullahs. Together, they presume to dictate the lives of every Iranian. Hundreds of local mullah-led committees force neighbor to spy upon neighbor, sons and daughters upon their parents. Prowling gangs of Revolutionary Guards enforce the Islamic code. Violators are hauled before kangaroo courts presided over by Shi'ite clergymen, tried and sentenced within the hour. Women failing to hide their faces in public have been shot as prostitutes—sometimes with their children beside them. To date, as many as 10,000 Iranians have been executed; at least 100,000 others have been imprisoned.

Many of the condemned are first brought to the notorious Evin Prison outside Teheran, where thousands have perished by gunfire or torture. Those who are to face firing squads

often have their blood drained beforehand for use as plasma on the Iraqi front; they are left with just enough to remain conscious and feel the executioner's bullets.

This grisly blood bank was invented by the scarred and sunken-faced Assadollah Lajevardi, a former Teheran lingerie peddler. He is now Evin's commander and a "revolutionary prosecutor," carrying out sentences imposed by the courts. He follows in the footsteps of Ayatollah Sadegh Khalkhali. Known as "Judge Blood," Khalkhali was photographed desecrating the charred bodies of U.S. servicemen left behind following the Carter Administration's aborted hostage rescue mission in April 1980.

Using men such as these to crush opposition, Khomeini began to export his Islamic Revolution to Iran's neighbors in the Gulf. In November 1979, Iranian-supported extremists launched an audacious plot to overthrow the Saudi royal family, execute its leadership and declare an Islamic republic similar to Iran's. Tipped off, Saudi authorities stopped the conspiracy, but the terrorists seized the Grand Mosque at Mecca, hoping to negotiate free passage to Iran. The Saudis refused and rooted them out in several days of bloody fighting. But the plot was just a sampling of what lay ahead.

Networks of Death. They began to assemble in Teheran during the second week in May 1984, nearly 400 delegates from 60 nations across the world. Among them were "the Friday Imams," leaders of Friday prayer services whose teachings influence millions of Sunni and Shi'ite fundamentalists from Istanbul to Singapore. The delegates had gathered for a week-long series of seminars advertised as an exchange of fundamentalist Islamic thought. In fact, they represented a massive underground support system for Khomeini-inspired terrorism.

On May 13 Khomeini told the Imams: "During the Friday prayers, give strong and exciting talks to your compatriots so the Moslem people will rise up against atheistic governments." Delegates were instructed on how to recruit terrorists, finance networks through religious donations, purchase arms and explosives. Later, many were guided

on tours of terrorist training centers.

Three of these camps have facilities for training suicide volunteers. Here students are separated from other trainees and within weeks transformed into mindless fanatics schooled to die upon command. Western intelligence agencies suspect that well over a thousand have been trained thus far. While most go to the Iraqi front, as many as 50 may have been infiltrated into Europe and the United States.

Overall direction of Iran's terror networks is in the hands of the regime's second most powerful ayatollah and Khomeini's designated successor, 62-year-old Hussein Ali Montazeri. In 1982 Montazeri spent \$8 million to recruit Moslem students and immigrant workers in France, with millions more allocated to Great Britain and West Germany. As many as 100 full-time recruiters operate behind the cover of mosques and Islamic student and cultural centers throughout Europe.

Montazeri also finances a network in the United States, where more than 60,000 students from Islamic nations attend universities. The fundamentalists among them provide a fertile recruiting ground for Iranian agents. "Khomeini's followers have been building in the United States for 15 years," says exiled former Iranian Prime Minister Ali Amini. "They are very well hidden and financed."

Beginning in the mid-1970s, under the cover of providing classes in Shi'ite dogma to Islamic converts, Khomeini's agents recruited militant black inmates at U.S. prisons. Upon release, these men joined Khomeini's American terrorist apparatus. On July 22, 1980, anti-Khomeini leader Ali Akbar Tabatabai was assassinated at his home in Bethesda, Md. The assassin, according to the charges filed against him, was one of these recruits, a man named David Belfield.

At present, the FBI is investigating links between Teheran and several militant groups here in the United States. It was exactly such ties between Khomeini and U.S.-based militant Islamic networks which so concerned American security officials in November 1983 when they learned of an Iranian-sponsored plot to blow up the

PART II -- MAIN EDITION -- 31 DECEMBER 1984

TERROR...Continued

White House. Alerted by a phone call warning that an attack was imminent, the Secret Service placed dump trucks filled with sand bags at the White House gates. Later, permanent barriers were installed, which officials hope will prevent any future attempts.

Agents of Influence. Militant Islamic groups girdle the globe, ranging from Lebanon's Islamic *Jihad* to the Philippines' Moro National Liberation Front. Funding and coordination for Khomeini's networks are often provided through Iran's diplomatic corps, many of whom are former Revolutionary Guards. In Washington, which has no diplomatic relations with Teheran, Khomeini's agents operate out of the Iranian Interests Section of the Algerian embassy. Initially used by the Carter Administration as a negotiation conduit to secure release of the 52 Americans held hostage after the seizure of the U.S. embassy in Teheran in 1979, the Section has now grown to more than 60 individuals—virtually an embassy in itself. It remains in constant contact with Khomeini networks across the United States and arranges for clandestine funding of their activities through tax-free Islamic front organizations.

Iran's embassies in Bonn, West Germany, and Bern, Switzerland, are conduits for weapons and explosives. In June 1982, for example, an employee of Khomeini's Bern embassy secretly purchased 300 tons of the lethal explosive cyclonite from a weapons broker in Brussels. Shipped in disguise to Lebanon via India, the explosives are believed to have been used in the suicide attack on the U.S. Marine barracks in Beirut. Last spring, a Reader's Digest representative, posing as a European arms broker, contacted Khomeini's agent in Bern. Within minutes, the agent had agreed to purchase ten tons of illicit cyclonite.

Some nations have sought to harness Iran's wholesale export of terror for their own advantage. Syria, for example, aided Iran's 2000 Revolutionary Guards in Lebanon, hoping thereby to drive out the U.S. and European peace-keeping forces and take control. The plan worked. Appalled by rising casualties, the United States and

its allies withdrew their troops.

Libya's Muammar Qaddafi also found Iranian fanaticism useful. During Khomeini's 14-year exile, hundreds of his followers were already training in Libyan terrorist camps. Qaddafi himself contributed millions to the campaign to destroy the Shah's rule. Today, the dividends have paid off in joint terrorist ventures. Egypt's Anwar el-Sadat, assassinated by Egyptian Islamic fundamentalists in 1981, was among the first victims.

But the ayatollahs of terror had an even bigger backer. In late summer of 1983, Western intelligence agencies learned of an extraordinary conference of Middle East terrorists being held in the Bulgarian Black Sea port of Varna. Present were representatives of Palestinian factions, the anti-Turkish Armenian Secret Liberation Army and the Islamic *Jihad*. The order of business: plans to transform Lebanon's Bekaa Valley into a launch pad for terrorism throughout the Middle East and Europe. Conference moderators included intelligence officers from East Germany and Bulgaria. There is evidence that the unofficial sponsor was the Soviet KGB.

It would not be the first time the Soviet Union had aided Khomeini. Beginning in the late 1960s, when Khomeini was exiled in Najaf, Iraq, the KGB funneled hundreds of thousands of dollars to him. A Soviet radio station near the Iranian border beamed anti-Shah propaganda and coded messages to Shi'ite revolutionaries operating underground.

Today, with an eye toward Khomeini's inevitable death or overthrow, the Kremlin is quietly building its own infrastructure deep within Iran's ruling clique of ayatollahs. Moussavi Khoienia, for example, who ranks second only to Montazeri in Teheran's hierarchy of terror, is known to be pro-Soviet. It was Khoienia who planned and led the 1979 seizure of the U.S. embassy in Teheran. It is now believed that he also was behind the bombings of the French express train and of the Marseille station.

Obviously, the Kremlin recognized years ago the advantages of penetrating the Shi'ite movement. Meanwhile, it remains relatively

quiet as Khomeini stamps out Iran's local Communist Party, the Tudeh—Moscow's sacrificial lamb.

Needed: New Policy. The banner that greets passengers arriving at Teheran's airport reads: "*America Can't Do a Damn Thing!*" Thus far the banner is sadly accurate. No action was taken after the attack on the Marine barracks in Beirut, despite solid evidence that Iran was behind it. And that fact has not gone unnoticed by other nations. Kuwait, which had accused Khomeini of bomb attacks in December 1983, sent a delegation to Teheran for conciliatory discussions. The reason: Kuwait's leaders no longer felt they could rely on the United States to counter Iranian subversion.

What *can* the United States do to safeguard its friends and interests from Iran's expanding terror? On October 19, 1984, President Reagan signed House Bill 6311 into law. In two important ways this legislation improves our ability to protect our interests abroad: it authorizes payment of rewards for information concerning terrorist acts, and it provides \$356 million for security improvements at U.S. missions abroad. But there are at least two other areas of opportunity that should be explored:

Economic quarantine. Last February, Rep. Gerald B. Solomon (R., N.Y.) asked colleagues to join him in sponsoring legislation to cut off all U.S. trade with Iran. He disclosed that American firms nearly doubled their sales to Iran between 1982 and 1983. And during the first eight months of 1984, the boom in trade continued. We sold \$120-million worth of goods to Iran and, more incredibly, we purchased \$365 million of Iranian oil, even as Iranian kamikazes continued to snuff out the lives of U.S. Marines and others. Clearly, we cannot ask our allies to quarantine Khomeini economically—one of the few effective steps open to us—while we ourselves profit from trade with Iran.

Support for resisters. Despite the fanaticism of Khomeini's followers, cracks have begun appearing in his regime. Increasing numbers of Iranians, chafing under harsh rule and the hardships imposed by Iran's four-year war with Iraq, are beginning to speak out. Armed resistance

PART II -- MAIN EDITION -- 31 DECEMBER 1984

JOURNAL OF COMMERCE 26 December 1984 Pg.1B (31)

General Dynamics Bailout Raises Many Questions

United Press International
(Second in a Series)

WASHINGTON — Even while a three-man Navy board was challenging most of the General Dynamics Corp.'s \$544 million cost overrun claim on a nuclear submarine contract, the company's top brass and military chiefs were concocting their own solution.

What surprised members of the Navy Claims Settlement Board was the adeptness with which the company overcame their 1977 ruling allowing \$125 million in claims to win the biggest taxpayer bailout in naval history — a sixfold increase to \$750 million.

The settlement, along with similar arrangements for two other shipbuilders, ended years of acrimony between Navy officials and their prime contractors over unsettled claims. But it triggered a flurry of questions from congressional investigators.

Newly released documents have revealed the General Dynamics settlement — the largest of the three — was worked out in a series of private meetings involving the company, Assistant Navy Secretary Edward Hidalgo and Hidalgo aides.

Mr. Hidalgo, a lawyer, was hired on retainer by General Dynamics in 1981, 11 months after he left his Navy job. The company says he earned \$70,000 during the next two-and-a-half years. Sen. William Proxmire, D-Wis., charges the move created the appearance of a conflict of interest.

"He engineered a bailout that is still hard to understand and is being questioned," Sen. Proxmire said in an interview.

Mr. Hidalgo terms such suggestions "absolute nonsense by ignorant people . . . who simply are determined to ignore the facts."

Many of the questions about the Public Law 85-804 bailout surround Mr. Hidalgo's decision to push it through Congress although the settlement board had found some of the company's claims were "exaggerated" and the Justice Department was opening an investigation into possible claims fraud.

Although the Justice Department inquiry closed in 1981 without prosecutions, Mr. Hidalgo's name has surfaced again as part of a recently reopened FBI and grand jury inquiry.

Public Law 85-804 allows the secretary of the Navy to take "extraordinary contractual actions to facilitate the national defense," such as a bailout, unless Congress intervenes within 60 days.

Critics allege the bailout resulted in part because the Navy, at odds with the only other shipyard that produces 688-class attack submarines, was at General Dynamics' mercy.

Mr. Hidalgo and General Dynamics officials staunchly defend the settlement. They assert the immense financial woes facing several military shipyards so endangered the national defense it was critical to reach a compromise.

"It made eminent economic sense for the taxpayers," Mr. Hidalgo said in an interview, recalling that the company had threatened in early 1978 to close its Electric Boat Division in Groton, Conn., if prompt federal aid was not forthcoming.

If the yard was shut, he said, the government would have been forced to seek a court injunction, as it did a year earlier to compel Litton Industries' Ingalls Shipbuilding Division to continue production during a similar claims stalemate.

The federal judge who issued the Litton order required the Navy to pay the company 91 percent of costs while the claims were litigated.

Mr. Hidalgo argued that if the courts reacted similarly toward General Dynamics, the government would have been forced to pay the company \$300 million above its original contract price while enduring years of bitter claims litigation and facing up to \$1 billion in new claims from the company.

P. Takis Veliotis, a former General Dynamics executive vice president who now is a fugitive from a federal indictment, told UPI he hired Mr. Hidalgo as a consultant in 1981 to sell airplanes to Spain.

Mr. Veliotis said it was "subtly" hinted to Mr. Hidalgo, while he still was in the Navy, that General Dynamics would take care of him when he left the service.

Mr. Hidalgo called the allegation "absolutely, totally inaccurate, and stupid and defamatory."

He said the company was "mad at me" for forcing it to accept a \$359 million loss as part of the settlement, and that General Dynamics officials considered him to be an "intransigent" negotiator. He said he presumed the company hired him because he spoke Spanish and was an international lawyer with connections in Spain.

Law enforcement sources said that, when pressed, Mr. Veliotis stopped short of accusing Mr. Hidalgo of corruption.

To secure the bailout, there is evidence that Mr. Hidalgo and his aides took these actions:

- After the settlement board headed by Adm. Frank F. Manganaro disallowed all but \$125 million of the company's \$544 million claim, Mr. Hidalgo ordered his own staff review of the claims. Jeffrey Kominers, counsel to the settlement board, said he was puzzled by the action. He noted Mr. Hidalgo's review was assisted by junior lawyers on the board, but its top specialists were excluded.

- Mr. Kominers, now in private law practice, recalled that although he was the senior claims expert on the board, "the secretariat's (Mr. Hidalgo's) office did not ask me to look at any of their analyses." Stressing that the board's analysis was "extremely sophisticated," Mr. Kominers said he would be "a little flabbergasted" if Mr. Hidalgo's office found even \$25 million more in legitimate claims.

- Jack McDonnell, Mr. Hidalgo's deputy assistant who oversaw the review, denied it involved the "identical set of claims" studied by the board, but declined further comment.

- Mr. Hidalgo said of his staff review, "The Manganaro board was doing its thing. I was doing my thing . . . and seeing what I would come up with." He said he wanted the board's results for use as a starting point in negotiations.

- According to notes of Gordon MacDonald, General Dynamics' chief financial officer, the company advised Mr. Hidalgo on Dec. 7, 1977, that it might file more than \$800 million in additional claims — beyond the \$544 million already under review. Mr. Hidalgo reportedly suggested General Dynamics could qualify for a public law settlement as a "failing business." Mr. MacDonald wrote that he and company Vice President Max Golden objected because the company was not facing collapse, and blamed government delays for the losses. Mr. Hidalgo indicated that such a move would draw "resistance" from Adm. Hyman Rickover, the tough chief of the nuclear Navy who later asked the Justice Department to open a false claims probe.

- Also that December, Mr. Hidalgo

BAILOUT...Pg. 11-F